

## Message Text

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PAGE 01 WARSAW 01162 260024Z

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SUBJECT: POLISH AUTOMOBILE INDUSTRY

1. WILLIAM EBERLE, FORMER PRESIDENTIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS AND CURRENTLY PRESIDENT OF MOTOR VEHICLE MANUFACTURING ASSN., MET FEBRUARY 18 IN WARSAW WITH VICE  
MINISTER OF MACHINE INDUSTRY JANUSZ SZTOEK TO DISCUSS THE  
DEVELOPMENT OF POLAND'S AUTOMOBILE INDUSTRY.

2. IN RESPONSE TO EBERLE'S QUESTIONS, SZOTEK ACKNOWLEDGED  
THAT CERTAIN "AMBITIOUS" INDIVIDUALS IN POLAND ARE URGING  
SALES OF POLSKI FIATS TO THE US MARKET. ONE VEHICLE UNDER  
CONSIDERATION, A PICK-UP VERSION OF THE FIAT 125P, IS  
THOUGHT BY ITS PROPONENTS TO FILL A GAP IN US PRODUCTION.  
SZOTEK CLAIMED TO HAVE DOUBTS ABOUT THE VENTURE, BASED  
BOTH ON THE HIGH COST OF STARTING PRODUCTION OF THE NEW  
MODEL AND ON THE RISK AND GREAT EXPENSE IN ATTEMPTING TO  
ENTER THE US MARKET. POINTING OUT THAT HE IS THE MINISTRY  
OFFICIAL RESPONSIBLE FOR THE POLISH AUTOMOTIVE  
INDUSTRY, SZTOEK SAID HE IS OPPOSED TO THIS PROJECT  
AT THE PRESENT TIME.

3. THE VICE MINISTER AGREED WITH EBERLE'S COMMENT THAT  
ANY APPROACH BY POLAND TO THE US MARKET SHOULD BE PRE-  
PARED WITH GREAT CARE. HE SHARED THE VIEW THAT THE FIRST  
IMPRESSION MADE BY AN AUTO MANUFACTURER IN THE US MARKET  
HAS A LASTING IMPACT ON ITS SALES PROSPECTS.

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PAGE 02 WARSAW 01162 260024Z

4. SZOTEK OFFERED SOME ADDITIONAL INFORMATION ABOUT

MARKETING PLANS FOR SOME FIAT MODELS. PRODUCTION OF THE FIAT 126P, WHICH BEGAN LAST YEAR IN A NEW PLANT IN SOUTHER POLAND (BIELSKO-BIALA) AND SHOULD AMOUNT TO 200,000 VEHICLES PER YEAR IN 1980, WILL BE DIRECTED PRIMARILY TO THE DOMESTIC MARKET. A SMALL NUMBER OF THESE VEHICLES MAY BE AVAILABLE FOR EXPORT, AND TEXT SALES SHOULD BEGIN SHORTLY IN WEST GERMANY. SALES OF THE FIAT 125P ARE EXPECTED TO BE EVENLY DIVIDED BETWEEN EXPORTS AND THE HOME MARKET. APPROXIMATELY 60 PERCENT OF EXPORTS WILL BE SOLD IN EASTERN EUROPE, WITH 40 PERCENT GOING TO HARD-CURRENCY BUYERS IN THE MIDDLE EAST, WESTERN EUROPE, AND SOUTH AMERICA. PRODUCTION OF THE 125P IS EXPECTED TO INCREASE TO APPROXIMATELY 180,000 UNITS DURING THE NEXT FIVE YEARS.

5. SPEAKING OF THE GM CONTRACT, SZOTEK ECHOED THE COMMENTS WE HAVE HEARD RECENTLY FROM COMPANY OFFICIALS: BY EARLY MAY, BOTH SIDES SHOULD KNOW WHETHER THE PROJECT WILL GO FORWARD. IF THE DECISION IS AFFIRMATIVE (BOTH GM AND THE POLES SEEM CAUTIOUSLY OPTIMISTIC AT THE MOMENT). A CONTRACT MIGHT BE SIGNED IN JUNE.

DAVIES

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